

Higher EBIT remains missing

Aspo's EUR 5.4m Q4 EBIT missed us and consensus by ca. EUR 1.0m. The miss was due to Telko. We believe Aspo has operational upside long-term, however we also view current valuation neutral given the uncertainty surrounding the improvement slope. We have made only minor estimate revisions. Our TP remains EUR 8.25, rating still HOLD.

ESL didn't disappoint, yet macro uncertainty still weighs

ESL posted EUR 4.4m Q4 EBIT i.e. a 5% y/y increase and slightly above our EUR 4.3m estimate. In our view this was a decent performance considering Q4 cargo volumes declined y/y from 4.5m tonnes to 4.0m tonnes as steel industry shipments fell dramatically. Energy industry shipment volumes were also soft due to warm weather. Aspo sees Baltic Sea steel industry cargo volumes now stabilizing. Even though the LNG-powered vessels as well as AtoB@C are performing well, there's uncertainty regarding ESL's EBIT improvement slope this year. Nevertheless, even if steel industry shipments don't rebound meaningfully in '20 we would still expect ESL to achieve significantly higher EBIT. Telko's EUR 0.9m Q4 EBIT didn't meet our EUR 2.2m estimate and declined significantly y/y from EUR 3.4m. EBIT took a EUR 0.9m hit due to low volumes and raw materials prices, and FX. Telko also destocked low-margin low-turnover inventory, which also had a negative EUR 0.9m effect. Leipurin bakery business seems to be improving especially in Russia, however given the macro uncertainties around ESL's and Telko's profit development we don't see this as a meaningful enough value driver currently.

Aspo guides improving EBIT for this year

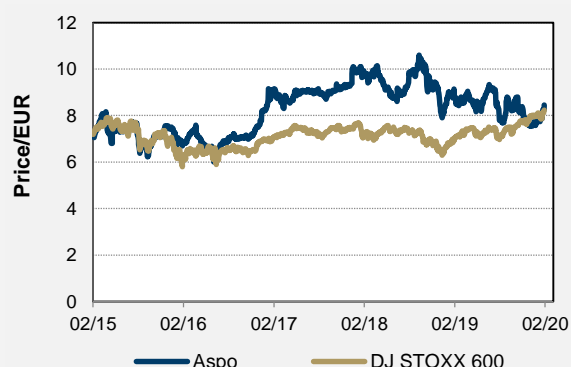
We still view ESL able to post some EUR 5-6m in quarterly EBIT; should steel industry volume development turn positive in '20 the dry bulk carrier should have no trouble achieving EUR 20m (compared to EUR 14.6m last year). Aspo says Telko's Q1 will still be burdened by destocking measures. In our view Telko should still be able to achieve quarterly EBIT close to EUR 3m this year.

In our view valuation is neutral given uncertainty

There's significant upside potential relative to Aspo's long-term targets, however in our opinion the bridge there is not as of now stable enough to turn our view more positive. Our TP is still EUR 8.25, while our rating remains HOLD.

Rating

HOLD



Share price, EUR (Last trading day's closing price) 8.46

Target price, EUR 8.25

Latest change in recommendation 30-Oct-19

Latest report on company 27-Nov-19

Research paid by issuer: YES

No. of shares outstanding, '000's 31,420

No. of shares fully diluted, '000's 31,420

Market cap, EURm 266

Free float, % -

Exchange rate EUR/RUB -

Reuters code ASPO.HE

Bloomberg code ASPO FH

Average daily volume, EURm 0.1

Next interim report 05-May-20

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BUY HOLD SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	540.9	20.6	3.8%	-54.5	0.45	18.7	0.9	22.8	-20.6	0.44
2019	587.7	21.1	3.6%	25.5	0.51	16.4	0.8	21.2	9.7	0.45
2020E	592.5	31.7	5.4%	44.9	0.84	10.1	0.7	13.2	16.9	0.50
2021E	611.7	35.8	5.9%	48.7	0.89	9.5	0.6	10.8	18.3	0.58
2022E	629.4	39.2	6.2%	44.1	0.96	8.8	0.6	9.2	16.6	0.58
Market cap, EURm	266		Gearing 2020E, %	115.0		CAGR EPS 2019-22, %		23.5		
Net debt 2020E, EURm	154		Price/book 2020E	2.0		CAGR sales 2019-22, %		2.3		
Enterprise value, EURm	420		Dividend yield 2020E, %	5.9		ROE 2020E, %		20.6		
Total assets 2020E, EURm	419		Tax rate 2020E, %	8.3		ROCE 2020E, %		9.8		
Goodwill 2020E, EURm	43		Equity ratio 2020E, %	32.0		PEG, P/E 20/CAGR		0.9		

Peer multiples and sum-of-the-parts valuation

ESL PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		P/B	
		19	20	19	20	19	20
Algoma Central	344	6.0x	5.6x	15.4x	14.2x	0.7x	0.7x
Diana Shipping	232	7.2x	6.7x	17.4x	16.0x	0.4x	0.4x
Eagle Bulk Ship	255	12.4x	5.5x	48.5x	9.3x	0.5x	0.5x
Genco Shipping & Trading	317	10.6x	5.3x	154.6x	10.6x	0.3x	0.3x
Golden Ocean Group	646	10.3x	8.1x	19.9x	15.1x	0.5x	0.5x
Navios Maritime Partners	117	5.7x	3.8x	10.7x	6.5x	0.5x	0.2x
Pangaea Logistics	126	7.4x	5.2x	10.9x	10.2x		
Safe Bulkers	129	7.0x	5.5x	14.5x	9.4x	0.3x	0.3x
Scorpio Bulkers	265	12.1x	8.7x	30.6x	19.5x	0.3x	0.3x
SFL	1320					1.3x	1.3x
Star Bulk Carriers	750	10.9x	4.8x	24.4x	6.4x	0.5x	0.5x
Peer Group Average	409	9.0x	5.9x	34.7x	11.7x	0.5x	0.5x
Peer Group Median	265	8.9x	5.5x	18.6x	10.4x	0.5x	0.4x

TELKO PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		19	20	19	20	19	20
AKR Corporindo	823	14.1x	10.3x	18.2x	13.3x	5.5 %	5.7 %
Ashland Global Holdings	4478	12.1x	12.5x	23.0x	23.5x	11.2 %	11.7 %
Brenntag	7615	9.7x	9.4x	13.3x	13.0x	5.7 %	5.7 %
IMCD	4293	19.9x	19.0x	26.5x	24.7x	6.7 %	7.0 %
Univar Solutions	3485	9.7x	8.9x	14.0x	12.8x	5.2 %	5.4 %
Peer Group Average	4139	13.1x	12.0x	19.0x	17.5x	6.9 %	7.1 %
Peer Group Median	4293	12.1x	10.3x	18.2x	13.3x	5.7 %	5.7 %

LEIPURIN PEER GROUP	MCAP MEUR	EV/EBITDA		EV/EBIT		EBIT-%	
		19	20	19	20	19	20
Amsterdam Commodities	530	11.0x	11.3x	12.6x	12.9x	6.8 %	6.8 %
Chefs' Warehouse	1102	17.3x	15.1x	27.1x	24.0x	3.6 %	3.6 %
Marr	1337	12.3x	11.8x	15.6x	15.0x	5.8 %	5.9 %
Middleby	5977	13.1x	12.7x	15.7x	15.1x	17.5 %	18.5 %
Orkla	8701	14.9x	13.9x	21.6x	18.8x	10.4 %	11.4 %
Performance Food Group	5763	12.9x	10.5x	19.8x	16.5x	1.5 %	1.5 %
Sysco	36152	15.1x	13.2x	19.5x	16.8x	4.5 %	4.7 %
Tate & Lyle	4312	8.5x	8.4x	12.8x	12.8x	11.2 %	11.4 %
Total Produce	510	12.4x	11.7x	15.4x	14.3x	1.7 %	1.8 %
US Foods Holding	8150	11.8x	10.1x	16.9x	14.4x	3.2 %	3.2 %
Welbilt	1855	12.3x	10.9x	16.1x	13.5x	13.7 %	15.2 %
Peer Group Average	6763	12.9x	11.8x	17.6x	15.8x	7.3 %	7.6 %
Peer Group Median	4312	12.4x	11.7x	16.1x	15.0x	5.8 %	5.9 %

Segment	EBIT '19	EV/EBIT '19 *	EV	EBIT '20e	EV/EBIT '20e *	EV
ESL	14.6	18.6x	272	21.2	10.4x	220
Telko	8.0	18.2x	145	10.8	13.3x	144
Leipurin	3.0	16.1x	48	4.1	15.0x	62
Other operations	-4.5	14.2x	-64	-4.4	13.5x	-60
Total			401			367
Net debt (Evli YE est.)			185			154
Equity value			216			212
Per share			6.9			6.8

*Peer group median (OMXH 25 for other operations)

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	8.46 PV of Free Cash Flow	291 Long-term growth, %	1.0 Risk-free interest rate, %
DCF share value	11.47 PV of Horizon value	254 WACC, %	7.4 Market risk premium, %
Share price potential, %	35.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	12.7 Marketable securities	24 Minimum WACC, %	6.9 Equity beta coefficient
Minimum value	10.4 Debt - dividend	-209 Maximum WACC, %	7.9 Target debt ratio, %
Horizon value, %	46.7 Value of stock	360 Nr of shares, Mn	31.4 Effective tax rate, %

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	588	593	612	629	644	656	670	680	690	700	707	714
<i>Sales growth, %</i>	<i>8.7</i>	<i>0.8</i>	<i>3.2</i>	<i>2.9</i>	<i>2.2</i>	<i>2.0</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>	<i>1.5</i>	<i>1.0</i>	<i>1.0</i>
Operating income (EBIT)	21	32	36	39	45	43	40	41	41	39	39	39
<i>Operating income margin, %</i>	<i>3.6</i>	<i>5.4</i>	<i>5.9</i>	<i>6.2</i>	<i>7.0</i>	<i>6.5</i>	<i>6.0</i>	<i>6.0</i>	<i>6.0</i>	<i>5.5</i>	<i>5.5</i>	<i>5.5</i>
+ Depreciation+amort.	29	28	34	32	26	24	21	21	22	22	22	
EBITDA	50	60	70	71	71	67	61	62	63	60	61	
- Paid taxes	-1	-3	-4	-4	-5	-4	-4	-4	-4	-4	-4	
- Change in NWC	-14	11	-2	-2	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	<i>9.7</i>	<i>7.8</i>	<i>7.9</i>	<i>7.9</i>	<i>8.0</i>	<i>8.0</i>	<i>8.1</i>	<i>8.1</i>	<i>8.1</i>	<i>8.1</i>	<i>8.2</i>	
+ Change in other liabs	-2	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-7	-6	-11	-16	-26	-24	-21	-23	-24	-24	-24	
<i>opCAPEX / Sales, %</i>	<i>1.2</i>	<i>3.4</i>	<i>1.9</i>	<i>2.6</i>	<i>4.1</i>	<i>3.7</i>	<i>3.2</i>	<i>3.5</i>	<i>3.5</i>	<i>3.5</i>	<i>3.4</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	-1	-1	-1	-1	-1	-1	-1	-1	0	
= FCFF	26	62	52	49	38	36	34	32	33	30	33	516
= Discounted FCFF		58	46	39	29	26	22	20	19	16	16	254
= DFCF min WACC		58	46	40	29	26	23	20	19	17	17	289
= DFCF max WACC		58	45	39	28	25	22	19	18	15	15	225

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1E	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	141.5	151.2	148.0	147.0	587.7	137.5	150.4	150.2	154.4	592.5	611.7	629.4
EBITDA	11.8	11.2	14.0	12.7	49.7	13.7	14.0	15.4	16.5	59.7	70.1	71.2
<i>EBITDA margin (%)</i>	<i>8.3</i>	<i>7.4</i>	<i>9.5</i>	<i>8.6</i>	<i>8.5</i>	<i>10.0</i>	<i>9.3</i>	<i>10.3</i>	<i>10.7</i>	<i>10.1</i>	<i>11.5</i>	<i>11.3</i>
EBIT	4.9	4.1	6.7	5.4	21.1	6.7	7.0	8.4	9.5	31.7	35.8	39.2
<i>EBIT margin (%)</i>	<i>3.5</i>	<i>2.7</i>	<i>4.5</i>	<i>3.7</i>	<i>3.6</i>	<i>4.9</i>	<i>4.7</i>	<i>5.6</i>	<i>6.2</i>	<i>5.4</i>	<i>5.9</i>	<i>6.2</i>
Net financial items	-1.0	0.3	-1.3	-0.9	-2.9	-0.7	-0.7	-0.7	-0.7	-3.0	-3.4	-4.2
Pre-tax profit	3.9	4.4	5.4	4.5	18.2	6.0	6.3	7.7	8.8	28.7	32.4	35.0
Tax	-0.4	-0.4	-0.5	-0.8	-2.1	-0.6	-0.6	-0.6	-0.6	-2.4	-3.2	-3.5
<i>Tax rate (%)</i>	<i>10.3</i>	<i>9.1</i>	<i>9.3</i>	<i>17.8</i>	<i>11.5</i>	<i>10.0</i>	<i>9.5</i>	<i>7.8</i>	<i>6.8</i>	<i>8.3</i>	<i>10.0</i>	<i>10.0</i>
Net profit	3.5	4.0	4.9	3.7	16.1	5.4	5.7	7.1	8.2	26.3	28.0	30.3
EPS	0.11	0.13	0.16	0.12	0.51	0.17	0.18	0.23	0.26	0.84	0.89	0.96
EPS adjusted (diluted no. of shares)	0.11	0.13	0.16	0.12	0.51	0.17	0.18	0.23	0.26	0.84	0.89	0.96
Dividend per share	0.00	0.00	0.00	0.00	0.45	0.00	0.00	0.00	0.00	0.50	0.58	0.58
SALES, EURm												
ESL Shipping	43.7	42.6	43.4	45.3	175.0	46.7	45.4	45.1	50.2	187.4	193.0	197.8
Leipurin	25.9	28.0	29.9	31.9	115.7	26.8	29.7	28.7	31.4	116.6	120.1	122.5
Telko	71.9	80.6	74.7	69.8	297.0	63.9	75.3	76.4	72.9	288.5	298.6	309.1
Total	141.5	151.2	148.0	147.0	587.7	137.5	150.4	150.2	154.4	592.5	611.7	629.4
SALES GROWTH, Y/Y %												
<i>ESL Shipping</i>	<i>113.2</i>	<i>88.5</i>	<i>41.8</i>	<i>-2.4</i>	<i>45.7</i>	<i>6.9</i>	<i>6.6</i>	<i>3.9</i>	<i>10.8</i>	<i>7.1</i>	<i>3.0</i>	<i>2.5</i>
<i>Leipurin</i>	<i>-14.2</i>	<i>-10.3</i>	<i>6.8</i>	<i>0.9</i>	<i>-4.4</i>	<i>3.5</i>	<i>6.2</i>	<i>-4.1</i>	<i>-1.7</i>	<i>0.8</i>	<i>3.0</i>	<i>2.0</i>
<i>Telko</i>	<i>24.6</i>	<i>12.4</i>	<i>11.0</i>	<i>0.4</i>	<i>11.6</i>	<i>-11.1</i>	<i>-6.6</i>	<i>2.3</i>	<i>4.4</i>	<i>-2.9</i>	<i>3.5</i>	<i>3.5</i>
<i>Kauko</i>	<i>-100.0</i>	<i>-100.0</i>	<i>-100.0</i>	<i>-100.0</i>	<i>-100.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Total	22.7	13.9	8.6	-6.1	8.7	-2.9	-0.5	1.5	5.0	0.8	3.2	2.9
EBIT, EURm												
ESL Shipping	3.2	2.6	4.4	4.4	14.6	4.9	4.3	5.5	6.5	21.2	22.2	23.2
Leipurin	0.5	0.6	0.8	1.1	3.0	0.7	1.1	1.1	1.2	4.1	4.6	4.9
Telko	2.4	2.3	2.4	0.9	8.0	2.2	2.8	2.9	2.9	10.8	13.4	15.5
Other operations	-1.2	-1.4	-0.9	-1.0	-4.5	-1.1	-1.1	-1.1	-1.1	-4.4	-4.4	-4.4
Total	4.9	4.1	6.7	5.4	21.1	6.7	7.0	8.4	9.5	31.7	35.8	39.2
EBIT margin, %												
<i>ESL Shipping</i>	<i>7.3</i>	<i>6.1</i>	<i>10.1</i>	<i>9.7</i>	<i>8.3</i>	<i>10.5</i>	<i>9.4</i>	<i>12.3</i>	<i>13.0</i>	<i>11.3</i>	<i>11.5</i>	<i>11.8</i>
<i>Leipurin</i>	<i>1.9</i>	<i>2.1</i>	<i>2.7</i>	<i>3.4</i>	<i>2.6</i>	<i>2.6</i>	<i>3.6</i>	<i>3.9</i>	<i>3.9</i>	<i>3.5</i>	<i>3.8</i>	<i>4.0</i>
<i>Telko</i>	<i>3.3</i>	<i>2.9</i>	<i>3.2</i>	<i>1.3</i>	<i>2.7</i>	<i>3.5</i>	<i>3.8</i>	<i>3.8</i>	<i>4.0</i>	<i>3.8</i>	<i>4.5</i>	<i>5.0</i>
Total	3.5	2.7	4.5	3.7	3.6	4.9	4.7	5.6	6.2	5.4	5.9	6.2

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	445.8	457.4	502.4	540.9	587.7	592.5	611.7	629.4
<i>Sales growth (%)</i>	-7.7	2.6	9.8	7.7	8.7	0.8	3.2	2.9
EBITDA	33.1	32.0	35.0	37.1	49.7	59.7	70.1	71.2
<i>EBITDA margin (%)</i>	7.4	7.0	7.0	6.9	8.5	10.1	11.5	11.3
Depreciation	-12.5	-11.6	-11.9	-11.7	-28.6	-28.0	-34.3	-32.0
EBITA	20.6	20.4	23.1	25.4	21.1	31.7	35.8	39.2
Goodwill amortization / writedown	0.0	0.0	0.0	-4.8	0.0	0.0	0.0	0.0
EBIT	20.6	20.4	23.1	20.6	21.1	31.7	35.8	39.2
<i>EBIT margin (%)</i>	4.6	4.5	4.6	3.8	3.6	5.4	5.9	6.2
Reported EBIT	20.6	20.4	23.1	20.6	21.1	31.7	35.8	39.2
<i>EBIT margin (reported) (%)</i>	4.6	4.5	4.6	3.8	3.6	5.4	5.9	6.2
Net financials	0.7	-3.0	-2.0	-4.2	-2.9	-3.0	-3.4	-4.2
Pre-tax profit	21.3	17.4	21.1	16.4	18.2	28.7	32.4	35.0
Taxes	-1.5	-1.5	-1.7	-2.2	-2.1	-2.4	-3.2	-3.5
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	19.8	15.9	19.4	14.2	16.1	26.3	28.0	30.3
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	128	124	128	185	190	182	158	142
Goodwill	43	43	42	43	43	43	43	43
Right of use assets	0	0	0	37	22	22	22	23
Inventory	48	57	61	71	56	65	67	69
Receivables	58	60	70	78	75	77	80	82
Liquid funds	24	23	20	19	24	30	31	31
Total assets	305	310	321	436	410	419	402	391
Liabilities								
Shareholder's equity	83	90	87	92	122	134	146	159
Minority interest	0	0	0	0	0	0	0	0
Convertibles	20	25	25	25	0	0	0	0
Lease liabilities	0	0	0	0	9	22	22	23
Deferred taxes	5	4	0	0	0	0	0	0
Interest bearing debt	128	125	137	199	200	162	130	104
Non-interest bearing current liabilities	68	64	68	105	61	83	86	88
Other interest-free debt	2	1	4	8	18	18	18	18
Total liabilities	305	310	321	430	410	419	402	391
CASH FLOW, EURm								
+ EBITDA	33	32	35	37	50	60	70	71
- Net financial items	5	-2	-2	-4	-3	-3	-3	-4
- Taxes	-2	-2	-3	-2	0	-2	-3	-4
- Increase in Net Working Capital	-4	-11	-13	-11	-14	11	-2	-2
+/- Other	-6	-4	-2	0	0	0	-1	-1
= Cash flow from operations	26	13	16	20	33	65	60	60
- Capex	-15	-6	-18	-75	-7	-20	-12	-16
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	11	7	-2	-55	25	45	49	44
+/- New issues/buybacks	-9	4	-9	4	28	0	0	0
- Paid dividend	-12	-13	-13	-13	-14	-14	-16	-18
+/- Other	15	1	21	64	-35	-25	-32	-25
Change in cash	5	-1	-3	-1	4	6	1	1

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	250	310	265	263	266	266	266
Net debt (excl. convertibles)	103	117	180	185	154	121	95
Enterprise value	378	451	470	448	420	387	361
Sales	457	502	541	588	593	612	629
EBITDA	32	35	37	50	60	70	71
EBIT	20	23	21	21	32	36	39
Pre-tax	17	21	16	18	29	32	35
Earnings	16	19	14	16	26	28	30
Equity book value (excl. minorities)	90	87	92	122	134	146	159
Valuation multiples							
EV/sales	0.8	0.9	0.9	0.8	0.7	0.6	0.6
EV/EBITDA	11.8	12.9	12.7	9.0	7.0	5.5	5.1
EV/EBITA	18.5	19.5	18.5	21.2	13.2	10.8	9.2
EV/EBIT	18.5	19.5	22.8	21.2	13.2	10.8	9.2
EV/OCF	28.1	29.0	23.2	13.8	6.5	6.4	6.0
EV/FCFF	37.6	564.3	-15.2	17.5	6.8	7.4	7.4
P/FCFE	35.0	-144.8	-4.9	10.3	5.9	5.5	6.0
P/E	15.7	16.0	18.7	16.4	10.1	9.5	8.8
P/B	2.8	3.5	2.9	2.2	2.0	1.8	1.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.9	5.4	5.0
Target EV/EBIT	0.0	0.0	0.0	0.0	13.0	10.6	9.0
Target EV/FCF	0.0	0.0	0.0	0.0	9.2	7.8	8.0
Target P/B	0.0	0.0	0.0	0.0	1.9	1.8	1.6
Target P/E	0.0	0.0	0.0	0.0	9.8	9.3	8.6
Per share measures							
Number of shares	30,579	30,976	31,420	31,420	31,420	31,420	31,420
Number of shares (diluted)	30,579	30,976	31,420	31,420	31,420	31,420	31,420
EPS	0.52	0.63	0.45	0.51	0.84	0.89	0.96
Operating cash flow per share	0.44	0.50	0.65	1.04	2.07	1.92	1.93
Free cash flow per share	0.23	-0.07	-1.74	0.81	1.43	1.55	1.40
Book value per share	2.93	2.82	2.92	3.88	4.27	4.66	5.05
Dividend per share	0.42	0.43	0.44	0.45	0.50	0.58	0.58
Dividend payout ratio, %	80.8	68.7	97.4	87.8	59.6	65.0	60.0
Dividend yield, %	5.1	4.3	5.2	5.3	5.9	6.8	6.8
FCF yield, %	2.9	-0.7	-20.6	9.7	16.9	18.3	16.6
Efficiency measures							
ROE	18.5	21.9	15.9	15.1	20.6	19.9	19.9
ROCE	8.7	9.5	7.3	6.5	9.8	11.6	13.4
Financial ratios							
Inventories as % of sales	12.4	12.1	13.2	9.5	11.0	11.0	11.0
Receivables as % of sales	13.1	14.0	14.4	12.8	13.0	13.0	13.0
Non-interest bearing liabilities as % of sales	14.0	13.6	19.4	10.4	14.0	14.0	14.0
NWC/sales, %	11.3	12.5	8.0	9.7	7.8	7.9	7.9
Operative CAPEX/sales, %	1.4	3.5	13.8	1.2	3.4	1.9	2.6
CAPEX/sales (incl. acquisitions), %	1.4	3.5	13.8	1.2	3.4	1.9	2.6
FCFF/EBITDA	0.3	0.0	-0.8	0.5	1.0	0.7	0.7
Net debt/EBITDA, book-weighted	3.2	3.3	4.9	3.7	2.6	1.7	1.3
Debt/equity, market-weighted	0.5	0.4	0.8	0.8	0.6	0.5	0.4
Equity ratio, book-weighted	37.0	35.0	27.2	29.8	32.0	36.4	40.5
Gearing, %	89.8	103.9	154.3	151.6	115.0	82.8	60.1

COMPANY DESCRIPTION: Aspo is a conglomerate featuring three independent wholly-owned business-to-business segments each operating in regions surrounding the Baltic Sea. The three segments engage in providing logistics solutions, such as maritime transportation and raw materials wholesale distribution. Aspo's goal is to help each of its operating segments to build long-lasting customer relationships. Aspo aims to create value by developing and internationalizing its subsidiary businesses while proactively considering potential acquisitions and divestitures.

INVESTMENT CASE: Aspo's key segment, ESL, has invested heavily in recent years by commissioning two LNG-powered vessels and acquiring a dry bulk carrier named Ato@B (which specializes in time-chartered smaller vessels suitable for biofuel shipments). Given ESL's stable long-term customer relationships and a fleet tailored for demanding Baltic Sea conditions, we expect the dry bulk carrier will post significantly higher operating profits going forward. We expect Telko, a chemical distributor, to achieve materially higher profitability following its cost efficiency program once the market situation stabilizes. We also see good scope for Leipurin's improvement.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Havsudden Oy Ab	3,142,941	26.589	10.0%
Vehmas Tatu Antti Aleksi	2,306,676	19.514	7.3%
Varma Mutual Pension Insurance Company	1,438,412	12.169	4.6%
Vehmas Tapio	1,375,827	11.639	4.4%
Ilmarinen Mutual Pension Insurance Company	952,972	8.062	3.0%
Robinson Joanna	754,259	6.381	2.4%
Nyberg Gustav	731,667	6.190	2.3%
Nordea Nordic Small Cap Fund	721,040	6.100	2.3%
Procurator-Holding Oy	514,882	4.356	1.6%
Mandatum Life Insurance Company Limited	491,952	4.162	1.6%
Ten largest	12,430,628	105.163	40%
Residual	18,989,151	160.648	60%
Total	31,419,779	265.811	100%

EARNINGS CALENDAR

May 05, 2020	Q1 report
August 12, 2020	Q2 report
October 29, 2020	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

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IR:	

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.

Recommendation	Percentage
Sell	8%
Hold	53%
Buy	39%

The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Ilvonen

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